

Alert | State & Local Tax (SALT)



November 2024

Takeaways from the 2024 Multistate Tax Commission Fall Meetings

The Multistate Tax Commission (MTC) held its 2024 Fall Meetings in Santa Fe, New Mexico Nov. 18-Nov. 21, during which all the of the MTC Committees met.

On Nov. 19, the Uniformity Committee assembled to conduct business. During the meeting, MTC staff provided updates on their ongoing uniformity projects and audits. State representatives also participated in the roundtable, foreshadowing a busy 2025 legislative tax session.

This GT Alert summarizes takeaways from the event.

Presentations

Several presentations introduced the committee to certain issues of interest. Of note, Jared Walczak (Tax Foundation) and Matthew Gardner (Institute of Taxation and Economic Policy) presented on digital products and the future of sales tax, suggesting that a sales tax base expansion may lead to additional capital without discouraging capital investment or significantly driving up consumer pricing. Scott Pattinson (Federation of Tax Administrators) Helen Hecht (MTC) also presented on the growth of the private equity industry and its impact on the U.S. economy. Finally, Bruce Fort and Brian Hamer (MTC) discussed the evolution of business income taxation, highlighting difficulties in identifying commercial domiciles.

State Roundtable

During the State Roundtable, several states provided legislative and litigation updates. States, including Washington, Oregon, and Michigan, warned that a tax-heavy legislative session was underway. Other states announced new staff members would be joining their tax departments; Alaska reported that a new director of tax began in August; Washington and North Dakota highlighted the elections of new governors; and Utah mentioned a new tax division executive director would join their team.

The representative for Texas provided an important update, confirming that the tax comptroller would hold a hearing to discuss the department's recent changes to Rule 34 Texas Administrative Code Section 3.330 (governing the taxation of data processing services). The hearing is scheduled for Dec. 6 at 9 a.m. in Austin, Texas.

The Streamlined Sales Tax Governing Board (Streamlined) also provided an update during the roundtable, stating that (1) the group had adopted amendments at the conclusion of their digital goods study, and (2) the board updated the health care products definition in response to business industry requests.

Project Updates

MTC staff provided updates on their ongoing Uniformity Projects: the Model Receipts Sourcing Regulation Review, the Sales Tax on Digital Products, and the State Taxation of Partnerships.

The State Taxation of Partnership Project's work group discussed the project's history and provided some examples for consideration. Thus far, the project has analyzed partnerships' general framework and created white papers and model rules for (1) sourcing investment partnership income and (2) guaranteed payments for services. The project has now shifted to discussing tiered partnership sourcing.

Moreover, the Model Receipts Sourcing Regulation work group confirmed that it will not move forward with its proposed amendments to the ground transportation and product delivery service rule, and that the group is now proceeding to discuss the air transportation rules.

Finally, MTC staff involved in the Sales Tax on Digital Products Project confirmed it is working alongside Streamlined to review definitions and consider the bundling rules.

MTC Audit Committee Updates

On Nov. 20, the Audit Committee meeting held a meeting, reporting that the group had completed three income tax audits (as well as parts of six other income tax audits and a sales tax audit) during its first quarter. The group also reported that there are 16 income tax audits and 21 sales tax audits currently in progress.

Nikki Dobay, a shareholder at Greenberg Traurig, presented on the proposed Sales Tax Compliance Assurance Review Program, a collaborative effort between state auditors, MTC staff, and taxpayers that would facilitate audits. Following a closed session discussion, the Audit Committee decided it lacked the bandwidth to move this project forward; however, several states have express individual interest in this proposal and Dobay plans to engage directly with those states at this time.

Upcoming Meetings

MTC has additional meetings scheduled for 2025.

- 2025 Spring Committee Meetings, April 28-May 1, 2025 – *Spokane, Washington*
- 2025 Annual Meetings, July 20-24, 2025 – *Salt Lake City, Utah*
- 2025 Fall Committee Meetings, Nov. 17-20, 2025 – *New Orleans, Louisiana*

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